

**PUENTE HILLS
HABITAT PRESERVATION AUTHORITY**

ANNUAL FINANCIAL REPORT

June 30, 2012

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
JUNE 30, 2012

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Independent Auditor's Report

To the Honorable Board of Directors
Puente Hills Habitat Preservation Authority
Whittier, California 90602

We have audited the accompanying basic financial statements of the Puente Hills Habitat Preservation Authority (Authority) as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012, and the changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 of the notes to the financial statements, effective July 1, 2011, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
January 8, 2013

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Management's discussion and analysis of the Puente Hills Habitat Preservation Authority (the Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information.

Financial Highlights

- During the current fiscal year, the Authority's net assets increased by \$1.6 million to \$64.9 million.
- In February 2012, the Authority invested \$27 million in various government securities that have interest rates ranging from 3.00% to 3.70%.
- Operating revenues increased by \$445,000 to \$2.7 million while operating expenses decreased by \$163,000 to \$1.2 million.
- There were no land acquisitions during the fiscal year.

Overview of Financial Statements

This MD&A serves as an introduction to the Authority's basic financial statements. The basic financial statements include four components: 1) Statement of Net Assets; 2) Statement of Revenues, Expenses and Changes in Net Assets; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements.

- The Statement of Net Assets presents all of the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).
- The Statement of Cash Flows presents information regarding the Authority's use of cash during the fiscal year and is an indicator of whether or not sufficient cash flow is being generated during the fiscal year to meet the operating needs of the Authority.
- The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Financial Statement Analysis

Since its formation, Net Assets of the Authority have gradually grown from \$1.8 million to over \$64.8 million. Most of the growth in Net Assets has been attributable to the Authority's acquisition of land and related capital assets. Operating revenues consist primarily of contributions received from Sanitation District #2 in the amount of \$1 per ton of waste disposed at the Puente Hills Landfill. Operating expenses consist primarily of contract and professional service fees, salaries and benefits, administrative expenses and the depreciation on capital assets.

As of June 30, 2012, the Authority had \$64.9 million in Net Assets compared to \$63.3 million as of June 30, 2011, an increase of 2.6%. Investments in Capital Assets accounted for \$34.7 million of the total Net Assets. Liabilities as of June 30, 2012 were \$1.0 million compared to \$1.4 million as of June 30, 2011.

Capital Assets

As of June 30, 2012, the Authority's capital assets consisted of \$34.6 million in land, \$428,000 in buildings, and accumulated depreciation of \$296,000. No new capital assets were acquired during the fiscal year ended June 30, 2012.

Debt Administration

As of June 30, 2012, the Authority had no outstanding debt.

Economic Factors

The prolonged general economic downturn has continued to have a negative impact on the landfill tipping fee revenues. The economic downturn has also reduced investment earnings on the Authority's deposits with the County of Los Angeles Treasury Pool, and has also caused a cost increase for professional services rendered for the Authority. To compensate for the constrained revenues, the Authority is actively reducing expenditures and has implemented alternative investment strategies with the County. It still actively seeks additional revenue streams from other sources such as environmental mitigation fees from regional projects.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street Room 525, Los Angeles, CA 90012.

Puente Hills Habitat Preservation Authority
Statement of Net Assets
June 30, 2012

Assets

Cash on deposit with County Treasurer (Note 3)	\$ 2,702,831
Restricted cash on deposit with County Treasurer (Note 3)	263,179
Investments	27,150,625
Receivables:	
Contributions from Sanitation Districts	1,051,339
Accrued interest	3,431
Capital Assets: (Note 5)	
Land - nondepreciable	34,605,455
Buildings and improvements	428,480
Accumulated depreciation	(295,648)

Total Assets	65,909,692
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Liabilities

Accrued expenses	320,058
Deferred revenue (Note 7)	692,496

Total Liabilities	1,012,554
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Net Assets

Invested in capital assets	34,738,287
Restricted	263,179
Unrestricted	29,895,672

Total Net Assets	\$ 64,897,138
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See accompanying notes to financial statements

Puente Hills Habitat Preservation Authority
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2012

Operating Revenues:

Contributions from Sanitation Districts	\$ 1,804,307
Other governmental agencies	346,248
Miscellaneous	517,623
Total Operating Revenues	<u>2,668,178</u>

Operating Expenses:

Contract and professional service fees	756,682
Salaries and benefits	347,099
Insurance	57,243
Rent (Note 6)	7,182
Depreciation (Note 5)	21,424
Treasurer Tax Collector - Management Fees	5,204
Utilities, supplies, and other charges	43,463
Total Operating Expenses	<u>1,238,297</u>

Operating Income	1,429,881
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Non-Operating Revenues:

Interest on deposited funds	191,443
Investment Income	<u>12,239</u>

Change in Net Assets	1,633,563
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Net Assets, beginning of the fiscal year	<u>63,263,575</u>
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Net Assets, end of the fiscal year	<u><u>\$ 64,897,138</u></u>
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See accompanying notes to financial statements

Puente Hills Habitat Preservation Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012

Cash Flows from Operating Activities:

Cash received from governments and customers	\$ 2,113,522
Cash paid to employees for services	(348,211)
Cash paid to suppliers for goods and services	(868,048)

Net Cash Provided by Operating Activities	<u>897,263</u>
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Cash Flows from Investing Activities:

Investment Purchases	(28,485,136)
Investment Sales	1,334,511
Interest received	258,151

Net Cash Used by Investing Activities	<u>(26,892,474)</u>
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Net Decrease in Cash and Cash Equivalents	(25,995,211)
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Cash Deposited with County Treasurer, Beginning of Fiscal Year	<u>28,961,221</u>
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Cash Deposited with County Treasurer, End of Fiscal Year	<u><u>\$ 2,966,010</u></u>
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Reconciliation of Cash Deposited with County Treasurer to amounts reported on the statement of net assets

Cash on deposit with County Treasurer (Note 3)	\$ 2,702,831
Restricted cash on deposit with County Treasurer (Note 3)	263,179

Cash Deposited with County Treasurer, End of Fiscal Year	<u><u>\$ 2,966,010</u></u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 1,429,881
Adjustments to reconcile change in operating income to net cash provided by operating activities:	
Depreciation	21,424
Increase in contributions receivable	(208,407)
Increase in accrued expenses	613
Decrease in deferred revenue	(346,248)

Net Cash Provided by Operating Activities	<u><u>\$ 897,263</u></u>
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See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Puente Hills Habitat Preservation Authority (Authority) was formed on February 15, 1994, as a joint powers authority by the County of Los Angeles, certain County Sanitation Districts, and the City of Whittier. The Authority was established for the purpose of acquiring, restoring, and/or maintaining additional open space lands in the La Puente/Whittier Hills area in order to create or preserve native habitat areas. In addition, it serves to mitigate impact on oak tree resources and natural open space resulting from the operation of the Puente Hills Landfill and to provide for the eventual transfer or dedication of such native habitat areas and maintenance of funds to an appropriate agency. The term of the Authority will continue until two years following cessation of disposal operations at the Puente Hills Landfill.

The Authority is governed by a Board of Directors composed of four appointed directors: one by the Board of Directors of the Sanitation Districts, one by the County of Los Angeles, one by the supervisor representing the Fourth Supervisorial District which geographically includes the Puente Hills Landfill, and one by the City Council of Whittier. The Authority is legally separate and fiscally independent from each of the member entities. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

The accompanying financial statements reflect the financial activities of the Authority. The Authority has no component units.

B. Significant Accounting Policies

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting and Measurement Focus

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

B. Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenue of the Authority is the contributions received from Sanitation District No. 2 in the amount of \$1 per ton of waste disposed at the Puente Hills Landfill. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority applies all applicable GASB pronouncements in accounting and reporting for proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

The Authority's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. As of June 30, 2012, the Authority had no debt obligations.

Restricted net assets – This component of net assets represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset's use by creditors, contributors, laws, or regulations of other governments, or as a consequence of a restriction established by the reporting government's own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

B. Significant Accounting Policies (Continued)

A liability is considered to relate to restricted assets if the restricted assets resulted from the incurring of that liability or if the liability will be liquidated with those specific restricted assets held at fiscal year end.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

C. Revenue Recognition

The Authority’s major source of revenue is the contribution received from Sanitation District No. 2 in the amount of \$1 per ton of waste deposited at the Puente Hills Landfill. Contributions are to be used in part to purchase and preserve additional open space land in the area of the landfill. Revenue from donations is recognized on the accrual basis according to the conditions of the promise.

D. Land

Acquisition of land and buildings and improvements are recorded at cost or, if donated, at fair value at date of donation. Land basically consists of open space acquired in accordance with the joint powers agreement that created the Authority. Buildings and improvements consist of houses and improvements that were located on the land at the time of purchase or donation. When land and buildings and improvements are sold or otherwise disposed of, related costs are removed from the accounts and any gain or loss is reported in the statement of revenues, expenses, and changes in net assets.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 NEW ACCOUNTING PRONOUNCEMENTS

The Authority has implemented the requirements of GASB Statement No. 64 during the fiscal year ended June 30, 2012.

GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions

This statement is effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of this statement did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2012.

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER

In accordance with the Joint Powers Authority agreement and Government Code, cash balances of the Authority are deposited with and pooled and invested by the Los Angeles County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily balance during the allocation period.

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposits, floating rate notes, repurchase agreements, and reverse repurchase agreements.

See the County of Los Angeles' Comprehensive Annual Financial Report for disclosures related to cash and investments and the related interest rate risk, credit rate risk, custodial risk, and concentration risk for the Los Angeles County Treasury Pool disclosures.

Funds deposited in the Los Angeles County Treasury Pool amounted to \$2,966,010 as of June 30, 2012. This represents approximately 0.01% of the total Treasury Pool.

As of June 30, 2012, the Authority had \$27,150,625 invested in various government securities, with the Los Angeles County Treasurer, that have various interest rates of 3.00% to 3.70% with maturity dates ranging from February 28, 2025 to January 17, 2030. This investment activity occurs separately from the County's investment pool and is reported as a Specific Purpose Investment on behalf of the Authority.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
U.S. Agency Securities	\$ 27,150,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,150,626
	<u>\$ 27,150,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,150,626</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Authority's investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or the Authority's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
U.S. Agency Securities	\$ 27,150,626	N/A	\$ -	\$ -	\$ 27,150,626	\$ -	\$ -
Total	<u>\$ 27,150,626</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,150,626</u>	<u>\$ -</u>	<u>\$ -</u>

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER (Continued)

Concentration of Credit Risk

The investment policy of the Authority contains limitations on the amount that can be invested in any one issuer. The following U.S. Agency securities in a single issuer represent 5% or more of total investments at June 30, 2012:

Issuer	Amount
Federal Farm Credit Bank	\$ 8,103,156
Federal Home Loan Bank	8,005,553
Federal National Mortgage Association	5,994,000
Federal Home Loan Mortgage Corp	5,047,917

NOTE 4 NET ASSETS

Net assets at June 30, 2012 consisted of the following:

Invested in Capital Assets	34,738,287
Restricted Net Assets	263,179 *
Unrestricted Net Assets	<u>29,895,672</u>
Total Net Assets	<u>\$ 64,897,138</u>

*Under the purchase agreement for the Brearley/Malkenhorst/Turnbull Property, the Authority agreed to pledge \$263,179 of the funds on deposit with the County Treasurer as security for obligations, including street improvements that would need to be made in the event that the property ceases to be used for open space, habitat restoration, or other biological preservation activities consistent with open space management, and passive recreational use.

NOTE 5 CAPITAL ASSETS

For the fiscal year ended June 30, 2012, there were no disposals or donations of capital assets. Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Capital Assets, Non-depreciable:				
Land (Acquired by the Authority)	\$ 34,085,061	\$ -	\$ -	\$ 34,085,061
Land (Donated to the Authority)	520,394			520,394
Total Capital Assets, Non-depreciable	<u>34,605,455</u>			<u>34,605,455</u>
Capital Assets, Depreciable:				
Buildings and improvements	428,480			428,480
Accumulated depreciation	(274,224)	(21,424)		(295,648)
Total Capital Assets, Depreciable	<u>154,256</u>	<u>(21,424)</u>		<u>132,832</u>
Total Capital Assets, net	<u>\$ 34,759,711</u>	<u>\$ (21,424)</u>	<u>\$ -</u>	<u>\$ 34,738,287</u>

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital assets, at cost, or fair value at the time of donation, for the fiscal year ended June 30, 2012, consists of the following:

Property Name	Land Amount	Building Amount
a. Powder Canyon	\$ 2,402,197	\$ -
b. Hacienda Hills Property	790,467	
c. Unocal Properties	46,524	
d. Davies Property	726,100	
e. Weisel/Sanders Property	352,363	300,000
f. Old Coach Property	3,616,020	
g. Pellkofer Properties	236,699	
h. Lim Property	450,875	
i. Roberts/Pellkofer Property	769,550	
j. Huang/Chen Property	481,921	
k. Newbre II Property	501,868	
l. Shuey Property	75,877	
m. Canlas Property	396,151	
n. Rose Hills Foundation Property	14,219,006	
o. Kou Property	650,854	
p. Javaid Property	2,204,100	
q. Viola Berg Property	355,737	
r. Public Works Property - La Habra Heights	342,689	
s. Gibson Property	790,440	
t. Ranney Property	2,729	
u. Brearley/Malkenhorst/Turnbull Property	2,124,500	
v. Corona Property	438,175	
w. Maico Property	601,200	
x. Sycamore Canyon Property	1,505,032	128,480
y. Parcel No. 8239-045-018 in La Habra Heights	3,987	
Total Land Purchased by the Authority	<u>34,085,061</u>	<u>428,480</u>
Land Donated to the Authority		
a. Benson Ford Donation	104,000	
b. J. Grimont Donation	100,000	
c. Newbre Property	316,394	
Total Land Donated to the Authority	<u>520,394</u>	
Total Capital Assets as of June 30, 2012	<u>\$ 34,605,455</u>	<u>\$ 428,480</u>

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Authority leases its office space from the City of Whittier for a period of five years, commencing September 1, 2007 until August 31, 2012. In September 2012, the Authority signed a lease renewal for the same office space in the City of Whittier. This lease renewal agreement is effective from September 1, 2012 through August 31, 2017. Rent expense for the fiscal year June 30, 2012 amounted to \$7,182.

NOTE 7 DEFERRED REVENUE

The deferred revenue amount of \$692,496 as of June 30, 2012 represents a payment from Orange County for restoration of 15 acres of coastal sage scrub. The restoration began in the last quarter of fiscal year 2008-2009.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 CONTINGENT LIABILITIES

Claims and suits have been filed against the Authority in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the Authority.

NOTE 9 SUBSEQUENT EVENTS

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after June 30, 2012 and through January 8, 2013, the date when this financial statement was available to be issued, for inclusion in the financial statements and footnotes.

In September 2012, the Authority signed a new five year lease agreement with the City of Whittier, with the Authority having the option to renew all of its provisions for two consecutive five year terms provided that either party may terminate the agreement for any reason. The lease agreement is effective from September 1, 2012 to August 31, 2017 and requires minimum annual rent payments totaling \$7,204.